UNITED
NATIONS

A

General Assembly

Distr.
LIMITED

A/CONF.151/PC/L.54
4 September 1991

Original: ENGLISH

PREPARATORY COMMITTEE FOR THE
UNITED NATIONS CONFERENCE ON
ENVIRONMENT AND DEVELOPMENT
Third session
Geneva, 12 August - 4 September 1991
Agenda item 2 (c)

PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS: CROSS-SECTORAL ISSUES

Draft decision proposed by the Vice-Chairman, Mr. J. Bell (Canada) on the basis of informal consultations held on A/CONF.151/PC/L.41

Financial resources

1. The Preparatory Committee, in discussing the issue of financial resources raised in UNGA resolution 44/228, took note of documennts L.43, PC/51, PC/86, PC/93 and held discussions on L.41.

2. The Vice-Chairman's compilation of views on these discussions is annexed to this decision.

[3. Decides that negotiations on the issue of financial resources at its fourth session should be based on document L.41 taking into account other proposals from delegations including L.43, PC/86 and PC/93.]

GE.91-72570/1468H

92-09556

4. Decides further that priority should be given to this issue in the scheduling of meetings of the fourth session, and that time from the beginning of the fourth session should be given to the negotiation of this issue, with a view to reaching a final agreement before the end of the session.

[5. Requests the Secretary-General of the Conference, taking into account the views expressed on this issue during the third session, to provide concrete proposals based on cost evaluations for the implementation of each programme area of Agenda 21 which would assist the negotiation of financial requirements at the fourth session of the Preparatory Committee.]

Vice-Chairman's compilation of views on financial resources

The draft decision on financial resources proposed by Ghana on behalf of the G77, and China was extensively discussed in informal sessions of the Plenary during the third session of the Preparatory Committee. The following is a compilation of the views expressed by delegations on each of the paragraphs of L.41.

Preamble:

There was general agreement that any decision on financial resources should reflect the importance of this issue for the outcomes of UNCED.

Paragraph (a)

There was general agreement that financial resources from external sources will be needed to help developing countries meet the costs of achieving sustainable development.

Delegations discussed how agreement could be reached over the incremental costs which should be covered by external funding and how such incremental costs could be calculated.

Some delegations argued that the distinction between local and global environmental problems would be useful in reaching such an agreement.

Other delegations disagreed, arguing that such a distinction could not be made given the global consequences of all environment and development problems. Furthermore, it was argued that the identification of "global problems" was being made by developed countries on the basis of their own national concerns and priorities - which might not be shared by all developing countries. The priority concerns of developing countries should not be considered as local problems, particularly if there is to be a global partnership in the interests of sustainable development.

Delegations also discussed the appropriateness of re-allocating flows from existing development assistance programmes to meet incremental costs for sustainable development.

Some delegations stated that any re-allocation of external financial flows would be inappropriate. Concern was also expressed about the potential re-allocation of resources from domestic budgets due to meet commitments under international environmental agreements.

Other delegations argued that a re-allocation of flows away from unsustainable development towards sustainable development should be a major outcome of UNCED. Such a re-allocation could be combined with additional funding, from different sources, depending on the specific funding needs.

Delegations also pointed out that re-allocation to meet changing priorities is a constant factor of existing financial flows.

Delegations also observed that it is difficult to make a distinction in practice between the "environmental" and "developmental" components of projects over the life-time of the project.

Paragraph (b)

There was general agreement that funding would be required to help developing countries meet their commitments under conventions.

Delegations discussed in general the appropriate funding mechanisms for conventions.

Some delegations suggested the need to create a separate fund for each convention.

Other delegations recommended that consideration be given to using a more general fund with separate mechanisms for channelling funding under each convention.

Paragraph (c)

There was general agreement that funding would be required to help developing countries implement the programmes contained in Agenda 21.

Delegations discussed whether there is a requirement for a general fund to serve the sustainable development needs of developing countries, including Agenda 21.

Some delegations argued in favour of such a fund. Other delegations thought that existing funding mechanisms should be used.

Delegations discussed whether the GEF, as it is presently structured, could serve as a general fund. Some delegations mentioned that the GEF could perhaps serve as a general fund, provided that its governance was made more transparent and democratic.

Some delegations argued that it could not and that there should be a general fund, separate from the GEF, to cover activities not included in separate conventions. The factors cited in favour of separating a general fund from the GEF included: the GEF's current mandate which is limited to

four "global problems"; the voluntary basis for contributions; its governance based on weighted voting; and the influence on its operations of the culture of the World Bank.

Other delegations suggested that the discussion of a new separate fund should be left for later negotiations.

Many delegations noted that the governance of funding programmes and mechanisms could be separated from the administration of the funds, and could be assigned to separate agencies. The example of the Montreal Protocol Multilateral Fund was cited in this regard.

Delegations discussed whether mandatory contributions were appropriate for any general fund and whether they would increase the predictability in the flow of funds and the volume of funding available.

Some delegations noted the importance of finding innovative sources of funds, in particular from non-government sources. Such innovative sources would most likely have to be voluntary, rather than mandatory.

Paragraph (d)

There was general agreement that the governance of funding mechanisms needs to be transparent.

Many delegations argued that the governance of funding mechanisms should be more democratic.

There was general agreement on the need for governments to set priorities for funding under Agenda 21.

Delegations discussed the applicability of mutual responsibility for funding to meet national priorities.

Some delegations expressed concern that there should be no new conditionality imposed on such funding.

Paragraph (e)

Delegations discussed the concept of whether funding from developed to developing countries should be on a compensatory basis. Many delegations expressed the need for further explanation of this concept.

Paragraph (f)

Many delegations expressed an interest in the concept of "partnership in additionality" and supported further examination of this concept.

Paragraph (g)

There was general agreement on the need for a supportive international economic environment which promotes economic growth and development, particularly in developing countries, and which will assist in the alleviation of poverty.